



UCO, Inc. 1580 LINCOLN SUITE 530 DENVER, COLORADO 80203 (303) 837-0465
October 5, 1981

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Mr. Tom Tetting
State of Utah
Division of Oil, Gas & Mining
1588 West North Temple
Salt Lake City, Utah 84116

RE: Notice of Intent to Commence Coal Exploration for Less than 250
Tons, Scofield Mine Project, Carbon County, Utah

Dear Mr. Tetting:

Please find enclosed UCO Inc.'s Notice of Intent for proposed exploratory drilling within Winter Quarters Canyon, Carbon County, Utah. The exploratory drilling will be used to better define the minability of our coal reserves within the area. The data gained by drilling will not only be used for internal planning purposes, but also in support of our Scofield Mine permit application, which we intend to submit to the DOGM later this year.

The coming winter weather makes our drilling program very short in this area. Therefore, it is imperative to begin drilling operations as soon as possible. With this in mind, I would greatly appreciate timely consideration of our Notice of Intent. Please contact me immediately if you foresee any problems or need additional clarification with regard to our proposed drilling activities.

Sincerely,

J. Chris Carter
Vice President
Governmental Affairs

JCC/jmp

Enclosures: As Stated

cc: Mr. Jim Smith - DOGM

UCO, INC.

NOTICE OF INTENT TO EXPLORE FOR LESS THAN 250 TONS
SCOFIELD PROJECT
CARBON COUNTY, UTAH

UCO, Inc., a Colorado corporation, 1580 Lincoln Street, Suite 530, Denver, Colorado, 80203, telephone (303) 837-0465, intends to do further exploration on its coal properties west of Scofield, Utah in Carbon County.

James A. Hagerty, Vice President-Exploration of UCO, Inc., will be present and responsible for conducting the exploration activities. During the exploration drilling periods, Mr. Hagerty probably will be lodging at the El Rancho Motel in Price, Utah, telephone (801) 637-2424.

LOCATION

The property is two miles west of the town of Scofield. A description of the land is as follows:

Township 12 South, Range 6 East SLBM

Section 24: $E\frac{1}{2}$ $SE\frac{1}{4}$
Section 25: $E\frac{1}{2}$ $E\frac{1}{2}$
Section 36: $N\frac{1}{2}$ $N\frac{1}{2}$; $S\frac{1}{2}$ $S\frac{1}{2}$

Township 12 South, Range 7 East, SLBM

Section 30: $SW\frac{1}{4}$
Section 31: $NW\frac{1}{4}$ $NW\frac{1}{4}$; $SE\frac{1}{4}$ $SW\frac{1}{4}$

Township 13 South, Range 6 East, SLBM

Section 1: $W\frac{1}{2}$, $NE\frac{1}{4}$
Section 12: $NW\frac{1}{4}$ $NW\frac{1}{4}$

(see attached map)

DRILLING

UCO intends to drill, core, and geophysically log the roof, coal, and floor in order to determine the minability of the coal. Twelve holes are scheduled to be drilled in the approximate locations shown on the attached map. Truck mounted rotary drilling rigs will drill a 5 3/4 inch hole and, when necessary, take 3 inch cores of selected zones.

At each drill site, mud pits of sufficient size to contain all effluent drilling materials will be constructed. If necessary to prevent overflow, the mud pits will be periodically pumped out and waste fluids hauled off and properly disposed of in approved sanitary landfill. Site drainages will be directed internally to the mud pit to prevent overland flow from the drill sites to the natural drainages. In order

to minimize erosion and along the drill road, runoff diversionary structures, such as contour furrows and water bars, will be constructed where needed.

Geophysical logs including natural gamma, gamma density, resistivity, caliper, and possibly deviation will be run. Cuttings samples will be taken in five foot intervals and a lithologic description of the cuttings will be recorded.

The project is scheduled to begin in October, 1981, and be completed in November, 1981.

DRILL SITES

If excavation is required in preparing a drill site, the topsoil will be stockpiled and upon completion of exploration activities redistributed over the site. Upon completion of drilling, if a particular hole has not been selected for hydrological monitoring, the drill hole will be cemented from top to bottom. The mud pits will be backfilled and the topsoil, which was earlier removed and stored, will be replaced to an even contour with the original slope. Liquids or mud in the pits will be pumped out and removed from the premises or allowed to dry before they are backfilled. Drill sites will be cleaned and all material, including drill cuttings, foreign to the natural setting will be buried or removed from the site. Trash will be removed from the site. Each drill site will be reshaped to approximately the original contour, leaving a roughened surface. The sites will be scarified where compaction has occurred. The sites will be fertilized and seeded immediately thereafter with the mixture stated below. Straw mulch will be applied on sites needing immediate protection.

DRILL ROADS

Please note that the five proposed holes on the south-facing slope of Winter Quarters Canyon as well as the southernmost drill hole are located on existing drill roads. These roads will not significantly be altered for exploration. A new road is required in order to access drill sites on the south side of Winter Quarters Creek. A 50' X 54" culvert, recommended by Vaughn Hansen Associates, UCO's water resources contractor, as capable of handling a 100 year flood event, will be installed in Winter Quarters Creek and will be covered with fill.

The new road will cross the creek and turn west while staying as close as possible to the break in the north facing slope and as far away from the creek as possible. Cut and fill should not be required until the road switches back to the east, approximately 1100 feet west of the culvert. (see map)

Prior to the new drill road construction and drill site preparation, the topsoil will be removed as a separate operation, stockpiled and protected from wind and water erosion, for later redistribution during reclamation. Existing vegetation will be removed and topsoil collection will occur prior to any excavation or other surface disturbance. The equipment used for topsoil removal will consist of a bulldozer and

backhoe. Topsoil will be stored where it will not be routinely disturbed. Topsoil storage will be of short duration during the exploration program and will be redistributed immediately upon completion of the drilling program. The topsoil storage areas will be sprayed with water, if needed, to retard wind erosion. Topsoil redistribution will be accomplished with a bulldozer and backhoe. Prior to topsoil redistribution, regraded areas will be scarified in order to reduce surface compaction, provide a roughened surface for topsoil adherence and to promote root penetration. To minimize compaction of the topsoil following redistribution, travel on reclamation areas will be limited.

Upon completion of the exploration program the road will be reshaped to approximately the original contour, topsoil will be replaced, and sites where compaction has occurred will be scarified. The road along with the drill sites will be fertilized and seeded immediately thereafter with the mixture stated below. Straw mulch will be applied on areas needing immediate protection.

RECLAMATION TIMETABLE

Reclamation will commence immediately upon completion of exploration activities. The current tentative timetable for completion of the drilling is mid-November. Therefore, reclamation is scheduled for the latter part of November.

REVEGETATION

Revegetation will be attempted in the fall when the soil moisture conditions are optimum. During the reclamation program the disturbed areas will be reseeded with the following species mix at the rate of 12 pounds per acre:

Mountain Brome (Lincoln)	3-4 lbs/acre
Timothy or Meadow Foxtail	1-2 lbs/acre
Yellow Sweet Clover	1-2 lbs/acre
Alfalfa (Ladac or Nomad)	1-2 lbs/acre
Orchard Grass	1-2 lbs/acre
Perennial Rye	1-2 lbs/acre

The seed mixture will be broadcast seeded and raked into the soil. Fertilization of disturbed areas will be accomplished with a 16-20-0 fertilizer mix at a rate of 200 pounds per acre.

WATER

Make-up water will come from stream flow in Winter Quarters Canyon. UCO owns 100 shares of water rights in the Price River Water Users Association, 20 shares of which are being transferred to industrial use at our proposed mine at this time. Mr. Dave Rowley, the Price River Water Commissioner, has already been contacted about UCO's intent to use make-up water.

LAND OWNER PERMISSION

There are no state or federal lands involved in our Scofield Mine Project. The surface lands are all controlled by private landowners. Please see the attached copies of the signed agreements between UCO, Inc. and Mr. Euray Allred and Mrs. Helen Lumby (Marakis), the surface landowners, which gives proof that UCO, Inc. has permission from the landowners to conduct the exploration program.

ARCHAEOLOGICAL (CULTURAL) CLEARANCE

Please see the attached copy of a letter received from Mr. Melvin T. Smith, Director and Utah State Historic Preservation Officer, Division of State History. Although this letter is for our last year's, 1980, drilling program, it still covers the same project area. Mr. Smith states there are no cultural resources in the area that will be disturbed by exploration activities. In addition please see attached, an archeological reconnaissance and clearing of seven of the newly proposed twelve drill sites by Utah Archaeological Research Corporation, UCO's Historical and Cultural Resources Contractor for our proposed Scofield Mine Project. At the time of their archaeological reconnaissance, UCO did not anticipate drilling the additional holes on the north-facing slope of Winter Quarters Canyon. Consequently these holes were not specifically surveyed by an archaeologist. However, Mr. Smith's clearance letter should provide adequate clearance for exploration activities in the project area.

/jmp

October 5, 1981